

## Message Text

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SUBJECT: EC FOREIGN MINISTERS COUNCIL, FEBRUARY 10-11, 1975:

HIGHLIGHTS OF THE SECOND DAY

1. SUMMARY: THE EC COUNCIL OF FOREIGN MINISTERS DURING THE SECOND DAY OF ITS FEBRUARY 10-11 MEETING IN BRUSSELS CAME TO NEARLY COMPLETE AGREEMENT ON REGULATIONS FOR IMPLEMENTATING THE EC REGIONAL DEVELOPMENT FUND WHICH WAS AGREED IN PRINCIPLE AT THE DECEMBER MEETING OF HEADS OF GOVERNMENT IN PARIS. IN ADDITION, THE MINISTERS: AGREED TO STRENGTHEN THE BUDGETARY POWERS OF THE EUROPEAN PARLIAMENT; REACHED SUBSTANTIAL AGREEMENT ON REGULATIONS PROVIDING FOR COMMON TESTING STANDARDS AND CERTIFICATION PROCEDURES FOR PHARMACEUTICALS WITHIN THE COMMUNITY, AND FOR COMMUNITY-WIDE RECOGNITION OF MEDICAL CREDENTIALS AND THE FREE MOVEMENT OF DOCTORS. THE COUNCIL ALSO DECIDED TO AUTHORIZE THE COMMISSION TO ENTER INTO NEGOTIATIONS WITH HONG KONG AND SOUTH KOREA IN AN ATTEMPT TO CONCLUDE VOLUNTARY RESTRAINT AGREEMENTS COVERING TEXTILES. (REPORTED SEPTEL.) THE COUNCIL'S ACTIVITIES DURING THE FIRST DAY OF ITS MEETING ON FEBRUARY 10 HAVE BEEN REPORTED BY SEPTELS. END SUMMARY.

2. REGIONAL FUND: THE EC FOREIGN MINISTERS MADE CONSIDERABLE PROGRESS ON THE IMPLEMENTING REGULATIONS FOR THE EC REGIONAL  
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DEVELOPMENT FUND. THE MINISTERS AGREED THAT THE FIGURE OF 13. BILLION UNITS OF ACCOUNT (APPROXIMATELY \$1.5 BILLION), WHICH HAD BEEN AUTHORIZED FOR THE FIRST THREE YEARS OF THE FUND'S OPERATION, WOULD NOT BE SUBJECT TO REVISION

BY THE EUROPEAN PARLIAMENT. THIS 1.3 BILLION UNITS OF ACCOUNT (UA) TOTAL IS TO BE DIVIDED SO THAT 300 MILLION UA WILL BE AVAILABLE THE FIRST YEAR, WITH 500 MILLION UA AVAILABLE DURING EACH OF THE FOLLOWING TWO YEARS. THE MINISTERS DECIDED THAT THE EC REGIONAL FUND COULD MATCH TO 50 PERCENT OF THE CONTRIBUTION MADE TO A GIVEN PROJECT BY THE MEMBER STATE. THIS IS SUBJECT TO THE CONDITION THAT EC SUPPORT NOT EXCEED 20 PERCENT OF THE TOTAL COST IN THE CASE OF INDUSTRIAL DEVELOPMENT PROJECTS OR 30 PERCENT IN THE CASE OF INFRASTRUCTURE PROJECTS. IN AN EFFORT TO PREVENT APROLIFERATION OF REQUESTS FOR SMALL PROJECTS, THE MINISTERS DECIDED THAT THE MINIMUM CONTRIBUTION FROM THE EC FUND WOULD BE 50 THOUSAND UNITS OF ACCOUNT.

3. THE ONLY OUTSTANDING ISSUE CONNECTED WITH THE REGIONAL FUND IS THE OBJECTION BY THE UK TO THE USE OF "JOB CREATION" OR "JOB MAINTENANCE" AS A REPORTING REQUIREMENT OR CRITERIA FOR SELECTING PROJECTS FOR EC REGIONAL DEVELOPMENT GRANTS. THE BRITISH EMPHASIZE THAT THEIR PRESENT SYSTEM OF INDUSTRIAL DEVELOPMENT GRANTS DOES NOT REQUIRE THIS JUSTIFICATION ALTHOUGH IT IS CLEAR THAT JOB CREATION IS AN OBJECTIVE OF THE PROGRAM. ROY HATTERSLEY, WHO HEADED THE BRITISH DELEGATION, INSISTED IN THE COUNCIL THAT THE COMMUNITY'S REGULATIONS BE DRAFTED SO THAT THE UK NOT HAVE TO REVISE ITS PRESENT PROGRAM IN SPEAKING TO A RATHER HOSTILE PRESS, HE DENIED THIS WAS A MATTER OF "PRINCIPLE" TERMING IT A "SMALL TECHNICALITY." HOWEVER, HE WAS ADAMANT THAT IT WAS THE COMMUNITY WHICH SHOULD GIVE GROUND.

4. SEVERAL SOURCES INDICATED, AND HATTERSELY CONFIRMED, THAT NO OTHER MEMBER STATES HAD QUESTIONED THE OVERALL UTILITY OF THE CURRENT BRITISH DEVELOPMENT PROGRAM NOR WISHED THE UK TO UNDERTAKE A MAJOR REVISION OF ITS BUREAUCRATIC STRUCTURE IN ORDER TO COMPLY WITH COMMUNITY DESIRES. THE OTHER MEMBER STATES, HOWEVER, DID AGREE THAT THERE WAS NEED FOR CLEAR REPORTS ON THE JOB CREATION OR MAINTENANCE ASPECTS OF A PROPOSAL.

5. THE COUNCIL DECIDED TO REFER THE REGIONAL POLICY QUESTION TO THE COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER) WITH LIMITED OFFICIAL USE  
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INSTRUCTIONS TO ATTEMPT TO SOLVE THE PROBLEM AND, IN ANY CASE, TO RETURN THE SUBJECT TO THE FOREIGN MINISTERS WHEN THEY NEXT MEET ON MARCH 3 AND 4.

6. COMMENT: MOST OBSERVERS FEEL THAT THE BRITISH ARE COMPLETELY UNWILLING TO MAKE ANY MOVE, HOWEVER, SMALL, WHICH COULD BE INTERPRETED AS A CONCESSION TO BRUSSELS BEFORE THE REFERENDUM ON EC MEMBERSHIP. IT IS POSSIBLE, HOWEVER, THAT A FORMULA WILL BE FOUND IN COREPER WHICH WILL BE ACCEPTABLE TO ALL CONCERNED. END COMMENT.

7. FREE MOVEMENT OF PHARMACEUTICALS: THE COUNCIL DISCUSSED

IN DETAIL THE PROBLEMS ASSOCIATED WITH THE FREE MOVEMENT OF PHARMACEUTICALS WITHIN THE COMMUNITY. BELGIAN DELEGATION WITHDREW ITS EARLIER OBJECTIONS AND ACCEPTED AN IRISH COMPROMISE ALLOWING THE COUNCIL TO APPROVE DIRECTIVES PROVIDING FOR THE HARMONIZATION OF MEMBER STATE REGULATIONS ON THE LICENSING OF PHARMACEUTICALS; ON TECHNICAL STANDARDS FOR PHARMACEUTICAL TESTING; AND ON THE MINIMUM QUALIFICATIONS REQUIRED FOR THOSE RESPONSIBLE FOR THE MANUFACTURE OF PHARMACEUTICAL PRODUCTS.

8. FINALLY, THE MINISTERS APPROVED THE ESTABLISHMENT OF A COMMITTEE FOR PROPRIETARY MEDICINAL PRODUCTS WITHIN THE COMMISSION. THIS COMMITTEE, IN CONSULTATION WITH THE MEMBER STATES, IS TO FACILITATE THE ADOPTION OF COMMON POSITIONS CONCERNING MARKETING AUTHORIZATIONS FOR PHARMACEUTICALS. SUCH AUTHORIZATIONS ARE TO REMAIN THE EXCLUSIVE RIGHT OF THE MEMBER STATES.

9. THE DANISH DELEGATION ENTERED A FORMAL "HOLD" ON THE COUNCIL'S ACTIONS, STATING THEY COULD NOT AGREE IN THE ABSENCE OF A GOVERNMENT IN COPENHAGEN. (COUNCIL SOURCES KNOW OF NO SUBSTANTIVE OBJECTIONS ON THE PART OF THE DANES AND EXPECT THEIR RESERVATION TO BE LIFTED SOON AFTER A GOVERNMENT IS FORMED IN COPENHAGEN.)

10. FREEDOM FOR DOCTORS TO PRACTICE: THE COUNCIL CONSIDERED TWO DIRECTIVES ON THE RIGHT OF ESTABLISHMENT FOR DOCTORS WITHIN THE COMMUNITY. THE FIRST SETS FORTH CRITERIA FOR THE MUTUAL RECOGNITION OF DIPLOMAS AND OTHER QUALIFICATIONS IN ORDER TO FACILITATE THEIR EVALUATION WITHIN THE COMMUNITY. THE LIMITED OFFICIAL USE  
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GRANTING OF SUCH QUALIFICATIONS IS TO REMAIN WITHIN THE JURISDICTION OF THE INDIVIDUAL MEMBER STATES. THE SECOND DIRECTIVE PROVIDES FOR COORDINATION OF THE VARIOUS LAWS AND REGULATIONS OF THE MEMBER STATES REGARDING THE ACTIVITIES OF DOCTORS. (AS IN THE CASE OF PHARMACEUTICAL PRODUCTS, THE DANISH DELEGATION WAS UNABLE TO AGREE TO THE DIRECTIVES AT THIS TIME).

11. EXTENSION OF AGREEMENTS WITH MOROCCO AND TUNISIA: THE COUNCIL AUTHORIZED, WITHOUT DISCUSSION, THE EXTENSION OF EXISTING AGREEMENTS WITH MOROCCO AND TUNISIA UNTIL AUGUST 31, 1975 TO PERMIT THE CURRENT NEGOTIATIONS WITH THESE COUNTRIES TO BE CONCLUDED.

12. BUDGETARY POWERS OF THE EUROPEAN PARLIAMENT: THE COUNCIL APPROVED THE TEXT OF A DRAFT TREATY AMENDING CERTAIN FINANCIAL PROVISIONS IN THE EXISTING COMMUNITY TREATIES. THE NEW DRAFT PROVIDES FOR A REVIEW OF THE COMMUNITY BUDGET PROCEDURES BY THE EUROPEAN PARLIAMENT, AND THE CREATION OF A COUR DE COMPTE (A KIND OF EUROPEAN GAO). THIS ACTION STRENGTHENS THE

POWERS OF THE EUROPEAN PARLIAMENT BY PERMITTING IT TO REJECT  
THE ENITRE DRAFT BUDGET OF THE COMMUNITY IF THERE ARE  
"IMPORTANT GROUNDS" FOR DOING SO, AND BY ALLOWING THE PARLIAMENT  
TO MODIFY THE DISTRIBUTION OF FUNDS IN THE DRAFT BUDGET  
PROVIDED THIS DOES NOT INCREASE THE TOTAL EXPENDITURE OF ANY  
GIVEN INSTITUTION. SUCH CHANGES WILL BE EFFECTIVE UNLESS  
SPECIFICALLY REJECTED BY THE COUNCIL. GEFORE ENTERING INTO  
FORCE, THE NEW TREATY WILL HAVE TO GO THROUGH THE INDIVIDUAL  
MEMBER STATES' RATIFICATION PROCESSES.GREENWALD

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